

Draft

December 19, 1997

**INSTRUCTIONAL WORKBOOK
FOR PREPARING THE
“REPORT ON RECEIVABLES
DUE FROM THE PUBLIC”**

**A Supplement to Volume I of the Asset Management Manual,
"Managing Federal Receivables"**

**Department of the Treasury
Financial Management Service
Debt Management Services
December 1997**

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INTRODUCTION

Purpose

The purpose of this document is to present the form and instructions for the Report on Receivables Due from the Public (Receivables Report), as revised in December 1997. This report is the Department of the Treasury's only comprehensive means for periodically collecting data on the status and condition of the Federal Government's debt portfolio, in accordance with the requirements of the Debt Collection Improvement Act of 1996 (DCIA). The information contained in the report is disseminated to the Congress, the Office of Management and Budget, agency Chief Financial Officers, the Federal Credit Policy Working Group, other officials and representatives of Federal and state organizations, private sector organizations, and the public.

Instructions contained in this workbook will also appear in Chapter 2-4100 of the Treasury Financial Manual (TFM) and in the revised "Managing Federal Receivables."

Background

Treasury has been collecting data on the status of the Government's debt portfolio since the early 1980's. This revision of the Receivables Report is the fourth since that time, with the most recent previous revision implemented in the second quarter of Fiscal Year 1994.

This revision was necessitated by the passage of the DCIA, which expanded the Treasury's responsibilities in the area of debt management and placed new requirements on the agencies for collecting their delinquent debt portfolios. Under the DCIA, agencies are required to (1) notify Treasury of delinquent debts over 180 days old so that Treasury may offset payments to recover these amounts and (2) transfer delinquent debts over 180 days old for delinquent debt collection by Treasury. This has made it more

critical that Treasury and the agencies be able to identify what steps they are taking to collect their delinquent debt portfolios. In the DCIA, Treasury is also charged with consolidating reporting requirements; consequently, Treasury, with the agencies, determined that the existing receivables report would be the best vehicle to meet the new reporting needs.

In addition to being revised to capture data relevant to the provisions in the DCIA, the receivables report also incorporates (1) recommendations for changes in reporting made by the U.S. General Accounting Office; (2) results of a survey of current reporting entities on usefulness of the existing data; and (3) comments and suggestions from an interagency task group assembled for the purpose of revising the report.

Authority

FMS' authority to require information such as that found on the Receivables Report is found in the Debt Collection Improvement Act of 1996 (DCIA), Federal Civil Penalties Inflation Adjustment Act of 1990, and United States Code Title I, Money and Finance, Chapter 35, "Accounting and Collections," Section 3515.

Key Changes to the Report

While the title of the report has not changed, its direction has changed. It is no longer attempting to be an accounting report; that need is addressed through agencies' annual financial statements. In fact, Treasury is making a conscious effort to make it more of a management report which informs Federal decision makers the **book value** (i.e., the value of debt as it is currently recorded on the agencies' books) of the debts held by the Federal Government and the actions being taking to enforce collection. This amount is not the same as the amount reported on financial statements which, in accordance with Generally Accepted Accounting Principles, must clearly reflect potentially collectible amounts, with adjustments

made for interest accruals, debts owed between Government agencies, and allowances for uncollectible debt.

In addition, there is a serious timing difference between the submission of fiscal year end data for the receivables report and that used for the financial statements; the fiscal year end receivables report is due in November; agencies' financial statements are not due until February/March of the next year. This adds new complexity to the reconciliation issue.

Treasury fully expects that agencies will reconcile their receivables report data with the receivables data reported on the financial statements.

Additional specific revisions to the existing report include:

1. the combining of this report with the Civil Monetary Penalties report, thus eliminating the need for the "Annual Civil Monetary Penalty Report",
2. restructuring the Delinquent Receivables and Debt Collection Management Tools Sections to capture more information on the actions agencies are taking to enforce collection by debt age;
3. eliminating the Litigation Activity Section; and
4. adding Sections on Debt Disposition and Cost Associated with Collection Techniques and Tools.

The Structure of the Report and Reporting Requirements

General

The receivables report consists of three parts: (I) Status of Receivables, (II) Debt Management Tool and Technique Performance Data, and (III) Footnotes. The form asks for data in three columns:

1. the number of receivables. The number should represent the actual number of debts or claims. Examples: (1) if a debtor has several separate claims, each claim should be counted individually; or (2) if a claim has numerous bills/invoices or is being paid in installments, each invoice or installment payment should not be counted individually; the underlying claim is counted once.
2. the dollar amount of principal owed on those receivables; and
3. the dollar amount of interest and late charges associated with the receivables.

Dollar amounts are reported in whole dollars. Amounts of 49 cents or less should be rounded down to the nearest dollar and amounts of 50 to 99 cents should be rounded up to the next dollar (I TFM 2-4140.)

Agency programs are required to submit separate reports for direct loans, defaulted guaranteed loans, and administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans).

Reporting Frequency

The dollar threshold for submitting reports quarterly has been *lowered to \$50 million (from \$100 million) in total receivables, inclusive of principal, interest, and late charges*. This change substantially increases the absolute dollar amount reported, while not dramatically increasing the percentage of total debt reported each quarter.

All entities are required to report at the end of the fiscal year.

Reports are due to the Department of the Treasury's Financial Management Service (FMS) by the end of the 30th day of the month following the close of each of the first three quarters (for example, 2nd quarter FY 1998 reports will be due by April 30, 1998); 4th quarter reports are due by November 15th.

Reporting Mechanism

All reports will be submitted to FMS via the Internet, rather than the existing GOALS system. FMS will publish additional specific guidelines on how the data will be reported via the Internet.

Any agency that fails to report will be footnoted as non-reporting in all reports distributed and published for that quarter. Agency Management will be held responsible for non-reporting entities.

Certification

All 4th quarter (year-end) reports must be **certified** as being accurate by the submitting agency's chief financial officer. Certification currently means that the data is accurate. With the implementation of the new report, ***certification of the Receivables Report means that the report has been reconciled to the agency's Statement of Financial Position.*** Only one certification per agency is to be submitted. **The certification will be transmitted over the Internet; it is to be submitted separately from the Receivables Report itself.** Certification letters are due to FMS by March 31.

Inquiries

Inquiries pertaining to the form or instructions should be addressed to the following:

Debt Management Services
Financial Management Service
Department of the Treasury
401 14th Street, SW Room 326
Washington, DC 20227

Telephone Number: (202) 874-8527 or (205) 912-6403

CERTIFICATION INSTRUCTIONS

- Only one certification per agency is to be submitted.
- The certification is to be submitted by the Chief Financial Officer or equivalent.
- The certification letter should state that the information presented in the “Report on Receivables Due from the Public” was reviewed and is in agreement with the Statement of Financial Position (Balance Sheet). If the report is not in agreement with the Balance Sheet the certification letter should state that in his/her opinion certain parts of the report are accurate and consistent with the agency’s accounting system. If only certain parts of the report can be certified, attach a list identifying the reporting entities and the parts of the form that are not certified with an explanation as to why certification is not possible.

The Report on Receivables and the Balance Sheet (Footnote 7 columns 2 and 3) should agree for the Current Beginning Balance, Net New Receivables, and Ending Balance lines. It is understood there will be differences between the two reports because the Report on Receivables includes interest accrued on debt over 180 days and the Balance Sheet may exclude the interest. Additionally, amounts shown on the Receivables Report represent the book value of receivables as opposed to present value.

Include in the report all receivables for programs that are owned or administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity.

- **The certification will be transmitted over the Internet.**
- **Certification letters are due to FMS by March 31st of each year for the preceding Fiscal Year.**
- Questions concerning the certification letter should be directed to:

Financial Management Service
Regional Financial Center
Customer Assistance Staff
Birmingham, Alabama
Telephone (205) 912-6403

FORM IDENTIFICATION & PREPARER INFORMATION

The following pages gives instructions on how to identify the form, the reporting entity, the type of receivable, and the preparer. Other general guidelines for completion of the Receivables Report are also included.

FORM IDENTIFICATION & PREPARER INFORMATION

Report on Receivables Due From the Public

Fiscal Year: _____

Quarter: _____

Reporting Entity Code: _____

Type of Receivable: Direct Loans: _____

Defaulted Guaranteed Loans: _____

Administrative: _____

Agency Contact Information

Preparer's Name: _____ Telephone Number: _____

Preparer's Facsimile No.: _____ E-Mail Address: _____

Supervisor's Name: _____ Telephone Number: _____

Address: _____

City: _____ State: _____ Zip Code: _____

INSTRUCTIONS

FORM IDENTIFICATION

To identify the form:

- (1) Know the Fiscal Year and Quarter for which you are preparing the report.
- (2) Know the nine-digit Reporting Entity Code. This code identifies the entity for which the report is being prepared. It is unique for each reporting entity. The first two digits identify the agency; the next two digits identify the bureau; the remaining digits identify the entity. You will also need to preface the Reporting Entity Code by an alphabetic character to identify the type of receivable (please see below).
- (3) The Type of Receivable identifier tells whether the Receivables Report is being prepared for direct loans, defaulted guaranteed loans, or administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans.) A **separate** report is required for each. For example, the entity "10- 09-90000" may consist of both direct loans and administrative receivables; the reporting codes would be "D10-09-90000" and "A10-09-90000" respectively (D = Direct Loan; F = Defaulted Guaranteed Loan; A = Administrative).

PREPARER INFORMATION

Enter the preparer's name, telephone number, facsimile number, and E-mail address, the supervisor's name and telephone number, and the preparer's address.

PART I

STATUS OF RECEIVABLES

Part I of the Receivables Report addresses the status of receivables. Outstanding receivable balances and current fiscal year activities are captured; delinquent receivables are aged; and Civil Monetary Penalties and rescheduled debt are classified.

PART I

SECTION A: RECEIVABLES AND COLLECTIONS SUMMARY

Part 1 - Status of Receivables			
	DOLLARS		
	Number	Principal	Interest & Late Charges
Section A			
Receivables and Collections			
(1) Prior FY Ending Balance			
(2) Prior FY Adjustments (+ or -)			
(3) Current Beginning Balance			
(4) New Receivables			
(A) Gross (+)			
(B) Adjusted (-)			
(C) Net New Receivables (+)			
(5) Accruals (+)			
(6) Collections on Receivables (-)			
(A) At Agency			
(B) Other Third Party			
(C) Wage Garnishment			
(D) Private Collection Agencies			
(E) Designated Debt Collection Center(s)			
(F) Treasury Cross Servicing			
(G) Treasury Offset Program			
(H) Foreclosure			
(I) Litigation			
(J) Asset Sales			
(7) Consolidations (-)			
(8) Adjustments			
(A) Reclassified/Adjusted Amounts (+ or -)			
(B) Estimated Value of Acquired Property (-)			
(C) Estimated Loss on Collateralized Debts (-)			
(D) Adjustments Due to Sale of Assets (+ or -)			
(9) Amounts Written Off (-)			
(10) Ending Balance			
(A) Foreign			
(B) State and Local Government			
(C) Non-Government, Domestic			
(11) Rescheduled Debt			
(A) Performing			
(B) Non-Performing			

INSTRUCTIONS

General

Section A - Receivables and Collections - shows the prior FY ending balance, prior FY adjustments, and the current beginning fiscal year balance of all receivables; **cumulative activity during the fiscal year** as of the end of the each quarterly reporting period. Information is reported at the entity level. Includes delinquent and non-delinquent debt; also includes current (due within the 12 month reporting period) and non-current (due beyond the 12 month reporting period). *Reminder: dollar amounts reported are at book value.*

By Line

- (1) Prior FY Ending Balance. The number and dollar amount of all receivables as reported at the end of the previous fiscal year. These figures must agree with the ending balance reported for the previous fiscal year and will remain unchanged throughout the fiscal year.
 - (2) Prior FY Adjustments. The number and dollar amount of any adjustments made to the prior fiscal year ending balance. Report adjustments needed to adjust the book value of receivables to make these values consistent with line with those reported on the audited financial statement. This line must be footnoted to explain the adjustment. This line item may be either positive or negative.
 - (3) Current Beginning Balance. The number and dollar amount of all receivables outstanding as of the beginning of the current fiscal year. *The number and dollar amounts equal the sum of lines 1 and 2 of this section.*
-

(4) New Receivables.

A. Gross. The number and dollar amount (principal only) assessed by the agency of all new receivables generated during the fiscal year before adjustments.

B. Adjusted. The number and dollar amount (principal only) of decreases to new receivables made during the fiscal year. Include estimates for new receivables that are expected to be adjusted downward as a result of insurance contract adjustments or an administrative appeal decision. Decreases to new receivables are reported with a minus (-) sign.

C. Net New Receivables. The number and dollar amount (principal only) of net new receivables as of the end of each quarter. The number and dollar amounts equal the sum of lines 4A and 4B of this section.

(5) Accruals. The dollar amount of earned interest and late charges accrued during the current fiscal year.

(6) Collections on Receivables. The number and dollar amount of collections on *all debts*, including delinquent, non-delinquent, restored and written-off debt, during the fiscal year. For the number, include the accounts paid in full, **not** numbers of partial payments. Enter collections with a minus (-) sign before the figures. Non-cash collections (for example, personal property or services rendered) are to be footnoted.

Collections on receivables will be itemized in the following categories.

A. At Agency. The dollar amount for both delinquent and non-delinquent debt worked and collected at the agency.

B. Other Third Party. The dollar amount for both delinquent and non-delinquent debt collected by a third party other than the Department of Justice or private collection agency, such as a guaranty agency.

C. Wage Garnishment. The dollar amount of payments received as the result of non-judicial garnishment of private sector wages. **Do not** include Federal employee salary offset; collections through Federal employee salary offset should be reported in line 6F of this section.

D. Private Collection Agencies. The dollar amount collected by private sector agencies under contract with the agency or Treasury.

E. Designated Debt Collection Center(s). The dollar amount collected by a Debt Collection Center designated by Treasury. Report total collections realized by the Center in this category. For example, if the agency sent debts to a Center and it collected via a private collection agency or Treasury Offset, report the entire amount of the collection as a collection by the Center.

F. Treasury Cross Servicing. The dollar amount collected by Treasury through its cross servicing program. Report total collections realized by Treasury as the result of cross servicing. For example, if you sent debts to Treasury and it collected via a private collection agency or Treasury Offset, report the entire amount of the collection as a Treasury Cross Servicing collection.

G. Treasury Offset Program. The dollar amount of all collections realized by Treasury or by a non-Treasury disbursing officer through the offset of a Federal payment. Federal payments of benefits, tax refunds, salary, or vendors are subject to offsets.

H. Foreclosure. The dollar amount collected through non-judicial foreclosure actions . Collections through judicial foreclosure actions are reported in 6I of this section.

I. Litigation. The dollar amount collected by the Department of Justice through litigation, including judicial foreclosure. Include cash and non-monetary settlements.

J. Asset Sales. The dollar amount of proceeds realized from the sale of a loan or debt asset.

(7) Consolidations. The number and dollar amount of proceeds received through loan consolidations. Loan consolidations include, but are not limited to, direct loans that are closed and reestablished as guaranteed loans.

(8) Adjustments. The number and dollar amount of changes to receivables during the fiscal year due to reclassifications or adjustments, acquisition of property, or estimated losses on acquired property. The dollar amounts equal the sum of lines 8A, 8B, 8C, and 8D of this section. Lines 8A and 8D may be either positive or negative; lines 8B and 8C are negative figures.

A. Reclassified/Adjusted Amounts. The dollar amount reclassified or adjusted and transferred into or out of receivables balances during the fiscal year. The amounts may include, but are not limited to, corrections to a previously reported receivable, refunds of amounts previously reported as collections, and adjustments made in a prior reporting period that do not affect the current beginning balance. If a collection is received for a debt that has been written-off, the amount of the collection would be restored and reported as an adjustment in this line.

This line item may be either positive or negative.

All amounts reported on this line are to be footnoted with the reason for the adjustment.

Adjustments due to the acquisition of property serving as collateral on a direct or defaulted guaranteed loan should only be reported on lines 8B and 8C.

B. Estimated Value of Acquired Property. The number of properties and the dollar amount of property acquired during the fiscal year as a result of defaults or claims on direct and defaulted guaranteed loans. The agency would record the estimated value (for example, the appraised value or the estimated market value) on this line. In the event that the value of a property is greater than the outstanding debt amount, the difference between the property value and the debt amount should be reported as an adjustment in 8A. In the event that the value of the property is less than the outstanding debt amount, the difference should be reported on 8C. Enter dollar amounts with a minus (-) sign before the figures.

C. Estimated Loss on Collateralized Debt. The dollar amount of the difference between the receivable and the estimated value of acquired property (that is, the estimated deficiency balance) when the estimated value of acquired property related to a receivable is less than the amount of the receivable. Enter dollar amounts with a minus (-) sign before the figures.

D. Adjustments Due to the Sale of Assets. The dollar amount of the difference between the book value of an asset and the proceeds from the sale of the asset, as recorded as a collection in line 6J.

- (9) Amounts Written Off. The number and dollar amount of all uncollectible receivables written off during the fiscal year. Enter amounts written off with a minus (-) sign before the

figures. Do not include estimated losses on collateralized debt. This line item is to be reported quarterly.

- (10) Ending Balance. The number and dollar amount of receivables outstanding, at the end of the reporting period. The dollar amounts are equal to the sum of lines 3, 4C, 5, 6, 7, 8, and 9 of this section. Lines 6, 7, and 9 are negative figures, line 5 may be either positive or negative. The number and dollar amounts also equal the sum of lines 10A, 10B and 10C of this section.

A. Foreign. The number and dollar amount of receivables owed to the Government by Sovereign nations. Do not include debts owed by foreign cooperations.

B. State and Local Government. The number and dollar amount of receivables owed to the Government by state governments, local governments, public colleges and universities.

C. Non-Government, Domestic. The number and dollar amount of outstanding receivables due from the Public excluding Foreign and State and Local Government.

- (11) Rescheduled Debt. Classify rescheduled debt in lines A and B below. This information is included on line 10, Ending Balance, of this section.

A. Performing. The number and dollar amount of rescheduled debts for which payments are being received according to new or modified terms of an agreement to repay the debt. These debts are not considered delinquent.

B. Non-Performing. The number and dollar amount of rescheduled debt for which payments are not being received according to new or modified terms of an agreement to repay the debt. These debts are considered delinquent.

PART I

SECTION B: CIVIL MONETARY PENALTIES

Part 1 - Status of Receivables			
	DOLLARS		
	Number	Principal	Interest & Late Charges
Section B			
Civil Monetary Penalties			
(1) Current Beginning Balance			
(2) Civil Monetary Penalties Imposed (+)			
(3) Collections (-)			
(4) Adjustments (+ or -)			
(5) Amounts Written Off (-)			
(6) Total Outstanding			
(7) Delinquencies			

General

Section B - Civil Monetary Penalties - contains information on civil monetary penalty receivables. Civil Monetary Penalties include any non-criminal penalty, fine, or other sanction for which a given dollar amount (or maximum amount) is specified by Federal law, and which is assessed or enforced by an agency as a result of an administrative proceeding or civil action in the Federal courts. All information in this section would be included in Section A.

All reporting in this section is to be submitted at the end of the fiscal year. Report zeros for quarters one (1) through three (3). The information in this Section is cumulative.

The following criteria must be used when preparing this section:

- **Receivables are recorded as delinquent if not paid by the payment due date unless terms of the contract or agreement provide otherwise.**
- **Each delinquent account is only to be counted once. For example, past due installments for the same account should not be counted individually but should be counted once as the oldest debt.**
- **Each adjusted account for Civil Monetary Penalties is to be counted only once. Do not report multiple adjustments to the same account as individual numbers.**
- **The entire amount of a debt is reported as delinquent if any portion of the debt has been delinquent more than 180 days.**

By Line

- (1) Current Beginning Balance. The number and dollar amounts of all Civil Monetary Penalty (CMP) receivables outstanding as of the beginning of the fiscal year. This would be included in Section A, line (3)
- (2) Civil Monetary Penalties Imposed. The number and dollar amounts of all Civil Monetary Penalties (CMPs) levied or imposed during the fiscal year. This would be included in Section A, line 4.
- (3) Collections. The number and dollar amount of CMP collections during the fiscal year. Non-cash collections (for example, personal property or services rendered) are to be footnoted. Enter collections with a minus (-) sign before the figures. This would be included in Section A, line 6.
- (4) Adjustments. The number and dollar amount of CMPs reclassified or adjusted and transferred either into or out of receivables balance or between receivables classification during the fiscal year. These amounts may include, but are not limited to, corrections to previously reported CMPs, refunds of amounts previously reported as collections, and adjustments made in a prior reporting period that did not affect the current beginning balance. Amounts reported on this line should be footnoted with the reason for the adjustment. This would be included in Section A, Line 8(a).
- (5) Amounts Written Off. The number and dollar amount of all uncollectible CMP receivables written off during the fiscal year. Enter amounts written off with a minus (-) sign before the figures. This would be included in Section A, Line (9).
- (6) Total Outstanding. The number and dollar amount of all CMP receivables outstanding, including delinquencies. Dollar amounts are equal to the sum of lines 1 through 5 of

this section. This would be included in Section A, Line (10).

- (7) Delinquencies. The number and dollar amount of delinquent CMP receivables.

PART I

SECTION C: DELINQUENT DEBT BY AGE

Part 1 - Status of Receivables			
	DOLLARS		
	Number	Principal	Interest & Late Charges
Section C			
Delinquent Debt by Age			
(1) Total Delinquencies			
(A) 1-90 Days			
(B) 91-180 Days			
(C) 181 Days - 6 Years			
(D) 6-10 Years			
(E) Over 10 Years			
(2) In Bankruptcy (-)			
(3) Foreign Debt (-)			
(4) Adjusted Delinquencies			
(A) 1-90 Days			
(B) 91-180 Days			
(C) 181 Days - 6 Years			
(D) 6-10 Years			
(E) Over 10 Years			
(5) State or Local Government Debt			

General

Section C - Delinquent Debt by Age - contains an aging schedule of delinquent debt, and information on delinquent debts in bankruptcy, foreign debt, and state and local government debt.

The following criteria must be used when preparing this section:

- **Receivables are recorded as delinquent if not paid by the payment due date unless terms of the contract or agreement provide otherwise. If the contract or agreement provide for a “grace” period, then the receivable is not considered delinquent until that period expires without payment.**
- **Receivables which are recorded as delinquent are aged from the payment due date or the day notification of debt was mailed depending on the contract or agreement, i.e. date of delinquency. If a “grace” period expires without payment, then the receivable is aged from the original payment due date or date of notification.**
- **Rescheduled receivables in a repayment plan and receivables being paid in installment agreements which are being paid as agreed are not considered delinquent receivables.**
- **Each delinquent debt is only to be counted once. For example, past due installments for the same account should be counted as one delinquent receivable.**
- **Multiple loans for a single borrower are to be counted as a separate debt for each loan.**

By Line

- (1) Total Delinquencies. The number and dollar amount of receivables reported on line 10 (Outstanding Receivables, Ending Balance) in Part I, Section A that are delinquent at the end of the quarterly reporting period. Debts with segments in different aging categories, such as may occur when a debtor becomes delinquent on multiple installment payments, are to be reported in the most delinquent (oldest) category.

Lines (A) through (E) show the dollar amounts of receivables that are delinquent for the respective time periods (1-90 days, 91-180 days, 181 days-6 years, 6-10 years, and over 10 years).

- (2) In Bankruptcy. The number and dollar amount of delinquent collateralized or uncollateralized debt in bankruptcy before a foreclosure action. Enter number and dollar amounts with a minus (-) sign before the figures.
- (3) Foreign Debt. The number and dollar amount of delinquent debt owed to the Government by sovereign nations. Enter number and dollar amounts with a minus (-) sign before the figures.
- (4) Adjusted Delinquencies. The number and dollar amount of delinquent debt outstanding at the end of the reporting period less debts in bankruptcy and foreign debt. The number and amount is the sum of lines 1 through 3 in this section.
- (5) State or Local Government Debt. The number and dollar amount of delinquent debt owed to the Government by state governments, local governments, or public colleges and universities. This line is for informational purposes. The number and dollar amount are included in line 4, Adjusted Delinquencies.
-

PART II

DEBT MANAGEMENT TOOL AND TECHNIQUE PERFORMANCE DATA

Part II of the Receivables Report contains management information on the status of delinquent debt by collection management tools and techniques and by age, debt disposition, and costs associated with collection tools and techniques.

PART II

SECTION A: DELINQUENT DEBT 180 DAYS OR LESS

Part II - Debt Management Tool and Technique Performance Data	DOLLARS		
	Number	Principal	Interest & Late Charges
Section A			
Delinquent Debt 180 Days or Less			
(1) At Agency			
(2) In Wage Garnishment			
(3) At Private Collection Agencies			
(4) At Treasury Cross Servicing			
(5) At Treasury for Offset			
(6) In Litigation			

General

Section A - Delinquent Debt 180 Days or Less - captures delinquent debt information on the following collection tools: at agency, wage garnishment, private collection agency, Treasury, and litigation. Report adjusted delinquencies in this Section. This section is designed to provide specific information on the actions an agency is taking to collect its debts between 1 and 180 days delinquent.

Lines 1 through 6 of this Section should equal the sum of Adjusted Delinquencies on lines 4A and 4B of Section C, Part I.

By Line

- (1) At Agency. The number and dollar amount of delinquent debt being worked at the agency. Debt being worked at the agency could be under appeal, in Forbearance Programs, in internal Offset, in Counsel, or pending referral to the Department of Justice for litigation.
 - (2) In Wage Garnishment. The amount of delinquent debt for which the agency is pursuing administrative wage garnishment. Do not include garnishment actions being pursued by the Department of Justice; these actions would be reported as in litigation on line 6 of this Section.
 - (3) At Private Collection Agencies. The amount of delinquent debt outstanding at private collection agencies.
 - (4) At Treasury Cross Servicing. The number and dollar amount of debt outstanding at Treasury for cross servicing.
 - (5) At Treasury for Offset. The number and dollar amount of debt outstanding at Treasury for offset. The Treasury Offset Program combines Administrative and Salary Offsets.
-

This amount will also include delinquent accounts referred for tax refund offset.

- (6) In Litigation. The dollar amount of delinquent debts outstanding at the Department of Justice for litigation.

PART II

SECTION B: DELINQUENT DEBT 181 DAYS and OVER

Part II - Debt Management Tool and Technique Performance Data	DOLLARS		
	Number	Principal	Interest & Late Charges
Section B			
Delinquent Debt 181 Days and Over			
(1) At Agency			
(A) Under Appeal			
(B) Forbearance Programs			
(C) Internal Agency Offset			
(D) Agency Counsel Activity			
(2) At Other Third Party			
(3) In Wage Garnishment			
(4) Scheduled for Sale			
(5) At Private Collection Agencies			
(A) At Private Collection Agencies Only			
(6) At Designated Debt Collection Center(s)			
(7) At Treasury Cross Servicing			
(8) At Treasury for Offset			
(A) At Treasury for Offset Only			
(9) In Foreclosure			
(10) In Litigation			
(11) In Other			

General

Section B - Delinquent Debt 181 Days and Over - captures delinquent debt information on the following collection tools: at agency and under appeal, in forbearance programs, in internal offset, or in Counsel, at other third party, wage garnishment, assets scheduled for sale, private collection agency, designated debt collection center(s), Treasury cross servicing, Treasury offset, foreclosure, and litigation.

This information is being requested to assist in the identification of what actions agencies are taking to collect seriously delinquent debt, relative to compliance with the requirements of the Debt Collection Improvement Act (DCIA) of 1996. The DCIA requires agencies to (1) notify Treasury of all debts delinquent more than 180 days so that Treasury may offset payments to recover the amount of the debt and (2) refer to Treasury all debts delinquent more than 180 days for delinquent debt collection, with some exceptions.

The following criteria must be used when preparing this section:

- **Categories are not always mutually exclusive. An agency may refer a debt to a private collection agency and to Treasury for offset at the same time. This debt should be reported in both places.** Report debt that is only at a private collection agency or Treasury for offset on the appropriate designated lines.
- **Debts at Treasury for cross servicing, a designated debt collection center, other third party, or the Department of Justice for litigation will not be reported in any other category, even though the entity working the debt may have referred it to a private collection agency or to Treasury for offset.**

Exception: if the agency has referred a debt to Treasury for cross servicing, a designated debt collection center,

other third party, or the Department of Justice and to Treasury for offset, the agency would report the debt in both places.

By Line

- (1) At Agency. Under this grouping, report the number and dollar amount of delinquent debt 181 days or over that is still at the agency. Debt in this group will be classified in **one** of the following categories.
- A. Under Appeal. The debt is in a formal appeals process at the agency. The results of this appeal affect whether a debt is considered valid and legally enforceable and/or the dollar amount to be collected.
- B. Forbearance Programs. Collection of the debt is deferred because of a formal forbearance program.
- C. Internal Agency Offset. The agency is enforcing collection of the debt through an internal offset. Internal offset occurs when an agency collects a delinquent debt by offsetting payments made or due to the delinquent debtor by another program within that agency.
- D. Agency Counsel Activity. The debt has been referred to agency counsel for action.
- (2) At Other 3rd Party. The number and dollar amount of delinquent debt outstanding at a party other than the Department of Justice or private collection agency, such as a guaranty agency or financial institution which is servicing the delinquency on behalf of the agency. Amounts reported on the line must be footnoted and the 3rd party identified.
- (3) In Wage Garnishment. The number and dollar amount of delinquent debt outstanding that is in a process of a non-
-

judicial garnishment of private sector wages. Do not include Federal salary offset.

- (4) Scheduled for Sale. The number and dollar amount of delinquent debt outstanding that is scheduled for sale under an approved asset/debt sale program.
- (5) At Private Collection Agencies. The number and dollar amount of delinquent debt outstanding at a private collection agencies. Debts reported on this line could also be reported in other categories in this section.

A. At Private Collection Agencies Only. The number and dollar amount of delinquent debt outstanding that is only at private collection agencies. The amounts reported here are **not** included in any other category in this section. The numbers and amounts reported in this line may be the same as those reported in (5).

- (6) At Designated Debt Collection Center(s). The number and dollar amount of delinquent debt outstanding at a designated debt collection center.
- (7) At Treasury Cross Servicing. The number and dollar amount of delinquent debt outstanding at Treasury for cross servicing. If debts come back to the agency for write-off concurrence, the agency would still report the debt in this category.
- (8) At Treasury for Offset. The number and dollar amounts of delinquent debt outstanding at Treasury for offset. The Treasury Offset Program combines Administrative and Salary Offsets. This amount will also include delinquent accounts referred for tax refund offset.

A. At Treasury for Offset Only. The number and dollar amounts of delinquent debt outstanding that is only at Treasury for offset. The amounts reported here are **not**

included in any other category in this section. The numbers and amounts reported in this line may be the same as those reported in (8).

- (9) In Foreclosure. The number and dollar amount of delinquent debt which are in foreclosure. To be “in foreclosure”, a notice of default must have been filed.
- (10) In Litigation. The number and dollar amount of delinquent debt outstanding at the Department of Justice for litigation. Do not include amounts referred to Justice for concurrence in compromise, suspension or termination action.
- (11) In Other. The number and dollar amount of delinquent debt outstanding in a category other than the ones listed above. ***This line is for future use and should only be reported on by authority from Treasury, FMS.*** This line must be footnoted to include the type of debt management tool or technique in use.

PART II

SECTION C: DEBT DISPOSITION

Part II - Debt Management Tool and Technique Performance Data	DOLLARS		
	Number	Principal	Interest & Late Charges
Section C			
Debt Disposition			
(1) Written Off and Not Closed Out			
(A) At Private Collection Agencies			
(B) At Designated Debt Collection Center(s)			
(C) At Treasury for Cross Servicing			
(D) At Treasury for Offset			
(E) Other			
(2) Reported to IRS on Form 1099-C			

General

Section C - Debt Disposition - captures information on the number and dollar amount of selected categories of written off delinquent debt. The purpose of requesting the information in this section is to identify the amount of debt which has been written off, but on which the agency is still pursuing collection action.

The number and amount for line 1 of this Section may be a cumulative number, representing all written off debt from the current or preceding fiscal years, on which the agency is continuing to pursue collection action.

By Line

(1) Written-off and Not Closed-Out. The number and dollar amount of receivables that have been written-off (removed from agency accounting records) and not closed-out (reported to the IRS on form 1099-C). This line should equal the sum of lines A through E of this section.

A. At Private Collection Agencies. The number and dollar amount of receivables that have been written-off but are still being pursued for collection by a private collection agency.

B. At Designated Debt Collection Center(s). The number and dollar amount of receivables that have been written-off, but whose collection is being pursued by a Designated Debt Collection Center(s).

C. At Treasury for Cross-Servicing. The number and dollar amount of receivables that have been written-off but whose collection is being pursued by Treasury under its cross-servicing program.

D. At Treasury for Offset. The number and dollar amount of receivables that have been written-off and referred to

Treasury to be entered in the Treasury Offset Program delinquent debtor database.

E. Other. The number and dollar amount of receivables that have been written-off and not included in lines 1A through 1D. Amounts reported in this line should be footnoted to explain other circumstances.

- (2) Reported to IRS on Form 1099-C. The number and dollar amount of debt that has been reported as income to the IRS on Form 1099-C during the fiscal year. Reporting to IRS always occurs in the 2nd Quarter of the fiscal year (February). For example, if a debt is written-off in March 1995 and the agency decides to terminate all efforts to collect it in June 1996, the debt would be reported to IRS in February 1997, and reported to FMS on the 2nd quarter 1997 report.

PART II

SECTION D: COST ASSOCIATED WITH COLLECTION TECHNIQUES AND TOOLS

Part II - Debt Management Tool and Technique Performance Data	DOLLARS		
	Number	Principal	Interest & Late Charges
Section D			
Costs Associated with Collection Techniques and Tools			
(1) Agency Cost			
(2) Other Third Party			
(3) Wage Garnishment			
(4) Asset Sales			
(5) Referrals to Private Collection Agencies			
(6) Designated Debt Collection Center(s)			
(7) Referrals to Treasury Cross Servicing			
(8) Treasury Offset Program			
(9) Foreclosure			
(10) Litigation			
(11) Other			

General

Section D - Cost Associated with Collection Techniques and Tools
- shows the dollar amount of direct cost incurred to collect debts by collection management tools and techniques. Costs of collection, as compared to results as measured by collections, are of particular interest, in accordance with goals and objectives of the Government Performance and Results Act.

All reporting in this section is to be submitted at the end of the fiscal year. Report zeros for quarters one (1) through three (3). The information in this Section is cumulative.

By Line

- (1) Agency Cost. Includes costs associated with agency salaries, system support, postage, skiptracing, purchasing credit reports, asset searches, and interagency Memoranda of Understanding attributable to the collection effort of accounts held by the Agency.
 - (2) Other Third Party. Includes costs associated with collections actions taken by a third party, other than a private collection agency or the Department of Justice.
 - (3) Wage Garnishment. Includes costs associated with individual agency salaries and system support cost attributable to collections made as the result of wage garnishment.
 - (4) Asset Sales. Includes costs associated with conducting an asset sale, such as commissions, agency salaries, system support, and postage.
 - (5) Referrals to Private Collection Agencies. Includes private collection agency commissions or contingency fees, incentive and bonus payments on all dollars collected by
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Private Collection Agencies. Also included as agency costs to support the private collection agency referral activity.

- (6) Designated Debt Collection Center(s). Includes all fees paid to a designated debt collection center for its collection efforts. Costs incurred by the center(s) for collections by a private collection agency or for litigation would be reported in this line as the costs of referral to the center(s).
- (7) Referrals to Treasury Cross Servicing. Includes all fees paid to Treasury for its collection efforts. Costs incurred by the Treasury for collections by a private collection agency or for litigation would be reported in this line as the costs of referral.
- (8) Treasury Offset Collections. Corresponding per account cost charged by Treasury (Internal Revenue Service, Financial Management Service) for offset processing.
- (9) Foreclosure. Includes Department of Justice fees and other professional charges assessed to complete the foreclosure of an account. Also included as agency costs to support the foreclosure activity
- (10) Litigation. Includes Department of Justice fees to enforce collection through litigation. Also included as agency costs to support the litigation activity
- (11) Other. This line is for future use and can only be reported on by authority from Treasury, FMS.

PART III FOOTNOTES

When footnotes are either required in the instructions or are necessary for clarification, they are prepared, and submitted via Internet along with Parts I and II of the report. Footnotes should be entered in the designated area and referenced to the appropriate line item.

TAX AND TARIFF RECEIVABLES: Additional Instructions

Part I: Status of Receivables

Section A- Receivables and Collections - These additional instructions are applicable to agencies that report tax and tariff receivables, i.e. the Internal Revenue Service, Bureau of Alcohol, Tobacco and Firearms, and U.S. Customs Service.

By Line

- (3) Current Beginning Balance. Receivables outstanding as of the beginning of the fiscal year include all taxes and tariffs assessed in the "Principal" column and all accrued interest and penalties assessed in the "Interest and Late Charges" column.
- (4) Net New Receivables. All tax and tariff assessments generated during the reporting period shall be reported in the "Principal" column; all *interest and penalties due at the time of assessment* shall be reported in the "Interest and Late Charges" column.
- (6) Collections on Receivables. Collections during the reporting period shall not include prepayments and duplicative Trust Fund recovery penalties.
- (8) A. Reclassified/Adjusted Amounts. Include abatements of tax, interest, and penalties that occur during the reporting period.
- (9) Amounts Written Off. Include accounts classified as currently not collectible, OIC reductions, and discharges in bankruptcy that occur during the reporting period as amounts written off.

Part II: Debt Management Tool and Technique Performance Data

FMS realizes that much of the data requested in this part may not apply to tax and tariff debt. Agencies reporting tax and tariff debt information should use only those categories which specifically apply; generally, most debt would be classified at “at agency.”

GLOSSARY

<u>Administrative Offset.</u>	Withholding money payable by the Government to or held by the Government for a person or entity to satisfy a debt that the person or entity owes the Government.
<u>Agency Counsel.</u>	An entity established within a government organization to handle its legal matters.
<u>Civil Monetary Penalty.</u>	Any penalty, fine, or other sanction for a specific monetary amount imposed by Federal agencies for violations of Federal law and regulations.
<u>Close Out.</u>	An event that occurs concurrently with or subsequent to an agency decision to write-off a debt for which the agency has determined that future additional collection attempts would be futile. At close out, an agency reports to the IRS the amount of the closed out debt as income to the debtor on IRS Form 1099-C, in accordance with Treasury requirements. No additional collection action may be taken by the agency after issuing the IRS Form 1099-C.
<u>Bankruptcy.</u>	A process established under Federal law whereby a debtor may seek relief from the claims of creditors.
<u>Cross-Servicing.</u>	Collections of debt by an organization on behalf of another agency.
<u>Debt Collection.</u>	The recovery of amounts due after routine follow-up fails. This activity includes the assessment of the debtor's ability, the exploration of possible alternative arrangement to increase the debtor's ability to repay, and other efforts to secure payment.
<u>Defaulted Guaranteed Loan.</u>	A receivable created when the Government acquires a guaranteed loan in satisfaction of a default or other claim.

Delinquent.

The failure of the debtor to pay an obligation by the date specified in the agency's initial written notification or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date. Delinquency would also occur if, at anytime thereafter, the debtor fails to satisfy the obligations under the payment arrangement with the credit agency.

If the debtor fails to pay the debt by the specified date, the debt is delinquent and the "date of delinquency" is the day given as the payment due date for contractual agreements or the day notification of the debt was mailed, as appropriate.

If any part of a debt has been delinquent more than 180 days, agencies should report the entire amount of the debt as delinquent.

Direct Loan.

A receivable created when the Government agrees to disburse funds and contracts with the debtor for repayment, with or without interest.

Foreclosure.

An involuntary payment of a debt secured by a mortgage by seizing the mortgaged property.

Interest.

The charge assessed as a cost of extending credit as distinguished from late payment interest charged on a delinquent debt. Interest costs for extending credit would only accrue on current receivables (that is, those receivables due within the next year).

Late Charges.

The amounts accrued and assessed on a delinquent debt. Late charges include the following:

- Administrative costs: costs incurred in processing and handling a delinquent debt. Costs should be based on actual costs incurred or cost analyses which estimate the average of actual additional costs incurred for particular types of debt at similar stages of delinquency. Administrative costs should be accrued and assessed from the date of delinquency.

- Penalties: a punitive charge assessed for delinquent debts. The rate to be assessed is set by law at no more than 6% per year and is assessed on the portion of a debt remaining delinquent more than 90 days, although the charge will accrue and be assessed from the date of delinquency. Penalties should be assessed unless otherwise provided in legislation or a contractual agreement.
- Late payment interest: the charge assessed on delinquent debts based on the time value of money owed and not paid when due. As established by the Debt Collection Act of 1982, the minimum annual rate to be assessed is the Department of the Treasury's Current Value of Funds Rate. A higher rate may be used if judged by the agency as necessary to protect the Government's interests. Late payment interest is accrued and assessed from the date of delinquency, and should be assessed unless otherwise provided in legislation or a contractual agreement. Additionally, late payment interest may be waived by the agency at any time (must then be written off) or it may accrue indefinitely.

Litigation.

A legal action or process taken for full or partial debt recovery.

Principal.

The amount owed by the debtor to the Government, excluding interest, penalties, administrative costs, fees, and prepaid charges.

Receivable.

An amount owed the Government by an individual, organization, public entity (for example, state and local governments) or other entity to satisfy a debt or claim. Examples of receivables generated by Government activities include, but are not limited to, amounts due for taxes, loans, sales of goods and services, fees, fines, penalties, forfeitures, interest, overpayments of salaries and benefits. If an individual/entity has been billed, and the debt is under appeal, the debt is considered a receivable.

Rescheduled.

Modifying terms and conditions to facilitate repayment of a debt, which includes establishing new terms as a result of changes in authorizing legislation. An example is Congressional action allowing farmers to have an additional five years to pay off their

loans. Rescheduling is also called restructuring, refinancing, and reamortizing. Rescheduled receivables are not considered delinquent unless they are non-performing.

Wage Garnishment.

The process of collecting a debt by taking up to 15% of an individual's private sector disposable income, without the individual's consent.

Write-Off.

An event that occurs when an agency official determines, after all appropriate collection tools and techniques have been used, that a debt or a portion of a debt is uncollectible. The uncollectible amount is removed from an entity's receivables, however collection attempts are made after receivables are removed. Department of Justice concurrence is required for write-offs or compromises of debts greater than \$100,000. If a debt is compromised, the amount no longer due should be reported as written off.

Report on Receivables Due From the Public

Fiscal Year: _____

Quarter: _____

Reporting Entity Code: _____

Type of Receivable: Direct Loans: _____

Defaulted Guaranteed Loans: _____

Administrative: _____

Part 1 - Status of Receivables

	DOLLARS		
	Number	Principal	Interest & Late Charges
Section A			
Receivables and Collections			
(1) Prior FY Ending Balance			
(2) Prior FY Adjustments (+ or -)			
(3) Current Beginning Balance			
(4) New Receivables			
(A) Gross (+)			
(B) Adjusted (-)			
(C) Net New Receivables (+)			
(5) Accruals (+)			
(6) Collections on Receivables (-)			
(A) At Agency			
(B) Other Third Party			
(C) Wage Garnishment			
(D) Private Collection Agencies			
(E) Designated Debt Collection Center(s)			
(F) Treasury Cross Servicing			
(G) Treasury Offset Program			
(H) Foreclosure			
(I) Litigation			
(J) Asset Sales			
(7) Consolidations (-)			
(8) Adjustments			
(A) Reclassified/Adjusted Amounts (+ or -)			
(B) Estimated Value of Acquired Property (-)			
(C) Estimated Loss on Collateralized Debts (-)			
(D) Adjustments Due to Sale of Assets (+ or -)			
(9) Amounts Written Off (-)			
(10) Ending Balance			
(A) Foreign			
(B) State and Local Government			
(C) Non-Government, Domestic			
(11) Rescheduled Debt			
(A) Performing			
(B) Non-Performing			

Part 1 - Status of Receivables			
	DOLLARS		
	Number	Principal	Interest & Late Charges
Section B			
Civil Monetary Penalties			
(1) Current Beginning Balance			
(2) Civil Monetary Penalties Imposed (+)			
(3) Collections (-)			
(4) Adjustments (+ or -)			
(5) Amounts Written Off (-)			
(6) Total Outstanding			
(7) Delinquencies			
Section C			
Delinquent Debt by Age			
(1) Total Delinquencies			
(A) 1-90 Days			
(B) 91-180 Days			
(C) 181 Days - 6 Years			
(D) 6-10 Years			
(E) Over 10 Years			
(2) In Bankruptcy (-)			
(3) Foreign Debt (-)			
(4) Adjusted Delinquencies			
(A) 1-90 Days			
(B) 91-180 Days			
(C) 181 Days - 6 Years			
(D) 6-10 Years			
(E) Over 10 Years			
(5) State or Local Government Debt			

Report on Receivables Due From the Public

Fiscal Year _____

Quarter _____

Reporting Entity Code: _____

Type of Receivable: Direct Loans: _____

Defaulted Guaranteed Loans: _____

Administrative: _____

Part II - Debt Management Tool and Technique Performance Data	DOLLARS		
	Number	Principal	Interest & Late Charges
Section A			
Delinquent Debt 180 Days or Less			
(1) At Agency			
(2) In Wage Garnishment			
(3) At Private Collection Agencies			
(4) At Treasury Cross Servicing			
(5) At Treasury for Offset			
(6) In Litigation			
Section B			
Delinquent Debt 181 Days and Over			
(1) At Agency			
(A) Under Appeal			
(B) Forbearance Programs			
(C) Internal Agency Offset			
(D) Agency Counsel Activity			
(2) At Other Third Party			
(3) In Wage Garnishment			
(4) Scheduled for Sale			
(5) At Private Collection Agencies			
(A) At Private Collection Agencies Only			
(6) At Designated Debt Collection Center(s)			
(7) At Treasury Cross Servicing			
(8) At Treasury for Offset			
(A) At Treasury for Offset Only			
(9) In Foreclosure			
(10) In Litigation			
(11) In Other			

Part II - Debt Management Tool and Technique Performance Data		DOLLARS	
		Number	Interest & Late Charges
Section C			
Debt Disposition			
(1) Written Off and Not Closed Out			
(A) At Private Collection Agencies			
(B) At Designated Debt Collection Center(s)			
(C) At Treasury for Cross Servicing			
(D) At Treasury for Offset			
(E) Other			
(2) Reported to IRS on Form 1099-C			
Section D			
Costs Associated with Collection Techniques and Tools			
(1) Agency Cost			
(2) Other Third Party			
(3) Wage Garnishment			
(4) Asset Sales			
(5) Referrals to Private Collection Agencies			
(6) Designated Debt Collection Center(s)			
(7) Referrals to Treasury Cross Servicing			
(8) Treasury Offset Program			
(9) Foreclosure			
(10) Litigation			
(11) Other			
Part III - Footnotes			
Agency Contact Information			
Preparer's Name: _____	Telephone Number: _____		
Preparer's Facsimile No.: _____	E-Mail Address: _____		
Supervisor's Name: _____	Telephone Number: _____		
Address: _____			
City: _____	State: _____	Zip Code: _____	